AMENDED IN ASSEMBLY JANUARY 4, 2012

california legislature—2011–12 regular session

ASSEMBLY BILL No. 232

Introduced by Assembly Members V. Manuel Pérez and Alejo
(Coauthor: Assembly Member Bradford)

February 2, 2011

~~An act to amend Sections 7071, 7073.1, 7074, 7076, 7076.1, 7081, 7082, 7085, and 7085.1 of the Government Code, relating to economic development.~~ *An act to amend Section 50832 of the Health and Safety Code, relating to economic development.*

legislative counsel's digest

AB 232, as amended, V. Manuel Pérez. ~~Economic development: Enterprise Zones.~~ *Community Development Block Grant Program: funds.*

Existing law requires the Department of Housing and Community Development to allocate funds under the federal Community Development Block Grant Program to cities and counties. Existing law requires the department to determine, and announce in the applicable Notice of Funding Availability, the maximum amount of grant funds that may be used for economic development projects and programs, housing for persons and families of low or moderate income or for purposes directly related to the provision or improvement of housing opportunities for these persons and families, and for cities and counties that apply on behalf of certain Indian tribes. Existing law requires the department to develop and use certain eligibility criteria and requirements for certain economic development fund applications.

This bill would make changes to the eligibility criteria and requirements developed and used by the department. The bill would also make conforming changes.

~~(1) The Enterprise Zone Act provides that its purpose is to stimulate business and industrial growth in the depressed areas of the state by relaxing regulatory controls that impede private investment.~~

~~This bill would delete that purpose and instead provide that the purpose of the act is to help stabilize local communities, alleviate poverty, and enhance the state's economic prosperity through the implementation of public and privately funded programs and services that stimulate business and industrial growth in the depressed areas of the state.~~

~~(2) The act prohibits the designation of an enterprise zone in which any boundary thereof is drawn so as to include larger stable businesses or heavily residential areas to the detriment of truly economically depressed areas.~~

~~This bill would delete that prohibition.~~

~~(3) The act authorizes any city, county, or city and county with an eligible area within its jurisdiction to complete a preliminary application for designation as an enterprise zone. The act requires the applying entity to establish definitive boundaries for the proposed enterprise zone and the targeted employment area.~~

~~This bill would prohibit, if a census tract or portion of a census tract included in an enterprise zone proposed on or after January 1, 2011, is within, or previously was within, the boundaries of a previously designated enterprise zone, the aggregate size of the proposed enterprise zone from exceeding the size of the previously designated enterprise zone by more than 10%.~~

~~(4) The act requires the Department of Housing and Community Development, in designating enterprise zones, to select from the applications submitted proposed enterprise zones that indicate that they will implement the most appropriate economic development strategies and implementation plans utilizing state and local programs and incentives to create jobs, attract private sector investment, and improve the economic conditions within the zone proposed. The act enumerates, but does not limit, the possible local incentives to be used by proposed zones.~~

~~This bill would add to that list tax increment moneys and local financing authorities under the Community Redevelopment Law, Workforce Investment Act moneys and programs funded by those~~

~~moneys, Community Development Block Grant moneys, CalWORKs funding and other related resources, and local education entities, including K-12, adult education, community colleges, and public and private universities.~~

~~(5) The act authorizes a city, county, or city and county to propose that the enterprise zone be expanded by 15% to include definitive boundaries that are contiguous to the enterprise zone. The act authorizes the department to approve an enterprise zone expansion based on specified criteria. The act authorizes a city or county to propose to use an eligible expansion allotment to expand into an adjacent jurisdiction if specified conditions exist. The act authorizes an expansion area to contain noncommercial or nonindustrial land only if that land is a right-of-way and is needed to meet the requirement for a contiguous expansion between an existing enterprise zone and a proposed expansion area.~~

~~This bill would modify the immediately above authorization so that the act would authorize an expansion area to contain noncommercial land only if that land is a right-of-way.~~

~~(6) The act requires the department to provide technical assistance to an enterprise zone with respect to specified activities.~~

~~This bill would additionally require the department to serve as a liaison between the state and zone residents, businesses, workers, nonprofit organizations, and local governments. The bill would require state agencies and departments to affirmatively support their regulatory responsibilities under specified provisions of law, and to respond to requests made by and on the behalf of zones in a manner consistent with their statutory duties.~~

~~(7) The act requires the department to audit each geographically targeted economic development area (G-TEDA) at least once every 5 years, as specified, and to determine, for each audit, a result of superior, pass, or fail, as specified. The act sets forth the criteria for a G-TEDA to be determined superior or passing.~~

~~This bill would require the department, in undertaking these audit responsibilities, to seek appropriate opportunities to provide technical assistance and training to help G-TEDAs address inadequacies identified in the audit. The bill would also require the department to review specified progress reports submitted by a G-TEDA pursuant to a specified provision of law and to determine whether an audit of the G-TEDA is warranted. The bill would modify the criteria for a G-TEDA to be determined superior or passing, as specified.~~

~~(8) The act requires, to the extent permitted by federal law, the Employment Development Department and the State Department of Education to give high priority to the training of unemployed individuals who reside in a targeted employment area or a designated enterprise zone.~~

~~This bill would require a state entity, when developing workforce development and training plans and strategies, to consider how the G-TEDA programs could be integrated in order to maximize the benefits to workers and businesses. The bill would also require the Employment Development Department to provide letters to unemployed prospective employees that could be used to certify their eligibility as a person participating in a program developed pursuant to specified provisions of law.~~

~~(9) The act requires the Office of Criminal Justice Planning to give high priority to designated enterprise zones in the allocation of its program resources.~~

~~This bill would modify that provision to instead require the Public Safety Branch and the Victim Services Branch of the California Emergency Management Agency to give high priority to designated enterprise zones in the allocation of program resources.~~

~~(10) The act requires the governing board of a G-TEDA to report to the Department of Housing and Community Development by October 1, 2008, and by that date every other year thereafter, on the activities of the G-TEDA in the previous 2 fiscal years and its plans for the current and following fiscal year. The report is required to include specified information.~~

~~This bill would additionally require the report to include an identification of the financial value of local incentives provided during the report period; an identification of the financial value of federal and other state resources accessed to serve the residents, workers, and businesses in the G-TEDA; and specified other information relating to the performance of the G-TEDA.~~

~~(11) This bill would make other technical, nonsubstantive changes updating the act.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 50832 of the Health and Safety Code is amended to read:

50832. (a) In order to ensure that a city or county may apply for both economic development and general program grants pursuant to this chapter in the same year, each applicant shall have a maximum grant request limitation as determined by the department and announced in the applicable NOFA, excluding general allocation planning and technical assistance grants and economic development allocation planning and technical assistance grants made available under Section 50833, of which a maximum amount as determined by the department and announced in the applicable NOFA, per year may be used for either general program or economic development applications. These limitations may be waived for the economic development allocation based upon available economic development funds after September 1 of each year. The department shall aggressively inform eligible cities and counties of the eligibility criteria and requirements under this section and in Section 50833.

(b) Except for applications specified in Section 50832.1, applications for all activities or set-asides under this section and Section 50833 shall be evaluated on a first-in, first-served basis.

(c) For all economic development applications under this section or Section 50833, including economic development assistance grants, the department shall develop project standards and rating factors which meet the minimum requirements of federal statutes~~, including a jobs-for-dollars test of thirty-five thousand dollars ($35,000) per job created or retained. In addition to the low- and moderate-income persons or families criteria established in subdivision (b) of Section 50826 and Sections 50827 and 50828, the~~. *The* department shall ~~also~~ utilize as criteria for the economic development allocation the federal standards of "blight" and "urgent need" under this section, Section 50832.1, and Section 50833.

(d) A jurisdiction may submit multiyear proposals for a period not exceeding three years in duration.

~~SECTION 1. Section 7071 of the Government Code is amended to read:~~

~~7071. The Legislature finds and declares as follows:~~

~~(a) The health, safety, and welfare of the people of California depend upon the development, stability, and expansion of private business, industry, and commerce, and there are certain areas within the state that are economically depressed due to a lack of investment in the private sector. Therefore, it is declared to be the purpose of this chapter to help stabilize local communities, alleviate poverty, and enhance the state's economic prosperity through the implementation of public and privately funded programs and services that stimulate business and industrial growth in the depressed areas of the state.~~

~~(b) The geographically targeted economic development area programs are based on the economic principle that targeting significant incentives to lower income communities allows these communities to more effectively compete for new businesses and retain existing businesses, which results in increased tax revenues, less reliance on social services, and lower public safety costs. Residents and businesses also directly benefit from these more sustainable economic conditions through improved neighborhoods, business expansion, and job creation.~~

~~(c) Therefore, it is in the economic interest of the state to have one strong, combined, business-friendly, and community development incentive program to help attract business and industry to the state, to help retain and expand existing state business and industry, and to create increased job opportunities.~~

~~(d) Nothing in this chapter shall be construed to infringe upon regulations relating to the civil rights, equal employment rights, equal opportunity rights, or fair housing rights of any person.~~

~~SEC. 2. Section 7073.1 of the Government Code is amended to read:~~

~~7073.1. (a) Except as provided in subdivision (f), any city, county, or city and county with an eligible area within its jurisdiction may complete a preliminary application for designation as an enterprise zone. The applying entity shall establish definitive boundaries for the proposed enterprise zone and the targeted employment area. An entity may propose zones in areas with noncontiguous boundaries, and the department may designate those areas as zones if the director determines both of the following:~~

~~(1) The noncontiguous area is needed to implement the applicant's economic development strategy.~~

~~(2) The excluded area between the proposed zone boundaries would not, based on the proposed economic strategy, also benefit from the zone designation.~~

~~(b) If a census tract or portion of a census tract included in an enterprise zone proposed in an application submitted to the department on or after January 1, 2011, is within, or previously was within, the boundaries of a previously designated enterprise zone, then the aggregate size of the proposed enterprise zone shall not exceed the size of the previously designated enterprise zone by more than 10 percent.~~

~~(c) (1) In designating enterprise zones, the department shall select from the applications submitted those proposed enterprise zones that, upon a comparison of all of the applications submitted, indicate that they propose the most appropriate economic development strategy and implementation plan utilizing state and local programs and incentives to create jobs, attract private sector investment, and improve the economic conditions within the zone proposed. The department shall prescribe a format that promotes succinct and focused strategies and plans, and set minimum standards for the strategies and plans. For the purposes of this subdivision, important elements of a strategy or plan may include, but are not limited to, all of the following:~~

~~(A) An assessment of current financial and community development strengths, needs, and opportunities.~~

~~(B) A framework for investment of time, action, and money.~~

~~(C) Clear articulation of goals.~~

~~(D) Measurable objectives, including targets.~~

~~(E) Proposed implementation activities and tasks, including timeframes, and a framework for evaluating performance, including qualitative and quantitative benchmarks.~~

~~(F) An identification of local resources, including incentives, the jurisdiction will utilize to implement the strategy or plan and how those resources will help to leverage or maximize the benefit of state resources that become available for enterprise zone communities.~~

~~(2) For purposes of this subdivision, local resources incentives may include, but are not limited to, all of the following:~~

~~(A) The suspension or relaxation of locally originated or modified building codes, zoning laws, general development plans, or rent controls.~~

~~(B) The elimination or reduction of fees for applications, permits, and local government services.~~

~~(C) The establishment of a streamlined permit process.~~

~~(D) Elimination or reduction of construction taxes or business license taxes.~~

~~(E) The provision or expansion of infrastructure.~~

~~(F) The targeting of federal block grant moneys, including small cities, education, and health and welfare block grants.~~

~~(G) The targeting of economic development grants and loan moneys, including grant and loan moneys provided by the United States Department of Housing and Urban Development.~~

~~(H) The targeting of state and federal job disadvantaged and vocational education grant moneys, including moneys provided by the federal Workforce Investment Act of 1998 (Public Law 105-220), or its successor.~~

~~(I) The targeting of federal or state transportation grant moneys.~~

~~(J) The targeting of federal or state low-income housing and rental assistance moneys.~~

~~(K) The use of tax allocation bonds, special assessment bonds, bonds under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5), industrial development bonds, revenue bonds, private activity bonds, housing bonds, bonds issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5), certificates of participation, hospital bonds, redevelopment bonds, school bonds, and all special provisions provided for under federal tax law for enterprise community or empowerment zone bonds.~~

~~(L) Redevelopment tax increment moneys and local financing authorities.~~

~~(M) Workforce Investment Act moneys and programs funded with those moneys.~~

~~(N) Community Development Block Grant moneys.~~

~~(O) CalWORKs funding and other related resources.~~

~~(P) Local education entities, including K-12, adult education, community colleges, and public and private universities.~~

~~(3) When designating new enterprise zones, the department shall take into consideration the location of existing zones and make every effort to locate new zones in a manner that will not adversely affect any existing zones.~~

~~(4) When reviewing and ranking new enterprise zone applications, the department shall give bonus points to applications from jurisdictions that meet minimum threshold points and at least two of the following criteria:~~

~~(A) The percentage of households within the census tracts of the proposed enterprise zone area, the income of which is below the poverty level, is at least 17.5 percent.~~

~~(B) The average unemployment rate for the census tracts of the proposed enterprise zone area was not less than five percentage points above the statewide average for the most recent calendar year as determined by the Employment Development Department.~~

~~(C) The applicant jurisdiction has, and can document that it has, a unique distress factor affecting long-term economic development, including, but not limited to, resource depletion, plant closure, industry recession, natural disaster, or military base closure.~~

~~(5) Except as modified pursuant to paragraph (4), applications shall be ranked by the appropriateness of the economic development strategy and implementation plan, including all of the following:~~

~~(A) The extent the strategy clearly identifies the local resources, incentives, and programs that will be made available to the zone for meeting its goals and objectives.~~

~~(B) The extent the strategy provides for attracting private sector investment.~~

~~(C) The extent the strategy includes related regional and community-based partnerships for achieving the goals and objectives in the strategy.~~

~~(D) The extent the strategy fits within the jurisdiction's overall economic development strategy, including the extent the strategy and implementation plan is appropriate for the local community.~~

~~(E) The extent the strategy addresses the hiring and retention of unemployed or underemployed residents or low-income individuals in the proposed zone and surrounding areas.~~

~~(F) The extent the strategy sets reasonable and measurable benchmarks, goals, and objectives.~~

~~(G) The extent the strategy sets forth an appropriate funding schedule for management, oversight, and program delivery within the zone relative to the benchmarks, goals, and objectives in the strategy.~~

~~(H) The extent that the economic development strategy has a comprehensive incentive package for attracting private investment to the enterprise zone.~~

~~(d) In evaluating applications for designation, the department shall ensure that applications are not disqualified solely because of technical deficiencies, and shall provide applicants with an opportunity to correct the deficiencies. Applications shall be disqualified if the deficiencies are not corrected within two weeks.~~

~~(e) Except upon dedesignation pursuant to subdivision (c) of Section 7076.1, Section 7076.2, or Section 7085.1, a designation made by the department shall be binding for a period of 15 years from the date of the original designation.~~

~~(f) This section shall only apply to enterprise zone applications for which the department has issued a solicitation for new enterprise zone designations on or after January 1, 2007.~~

~~SEC. 3. Section 7074 of the Government Code is amended to read:~~

~~7074. (a) In the case of any enterprise zone, including an enterprise zone formerly designated as an enterprise zone pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, or as a program area pursuant to Chapter 12.9 (commencing with Section 7080) as it read prior to January 1, 1997, a city, county, or city and county may propose that the enterprise zone be expanded by 15 percent to include definitive boundaries that are contiguous to the enterprise zone.~~

~~(b) The department may approve an enterprise zone expansion proposed pursuant to this section based on the following criteria:~~

~~(1) Each of the adjacent jurisdictions' governing bodies approves the expansion by adoption of an ordinance or resolution.~~

~~(2) Land included within the proposed expansion is zoned for industrial or commercial use.~~

~~(3) Basic infrastructure, including, but not limited to, gas, water, electrical service, and sewer systems, is available to the area that would be included in the expansion.~~

~~(c) A city, county, or city and county may propose to use an eligible expansion allotment to expand into an adjacent jurisdiction pursuant to this section if the department finds that all of the following conditions exist:~~

~~(1) The governing body of the local agency with jurisdiction over the existing enterprise zone and the governing body of the~~

~~local agency with jurisdiction over the proposed expansion area each approve the expansion by adoption of an ordinance or resolution. The ordinance or resolution by the jurisdiction containing the proposed expansion area shall indicate that the jurisdiction will provide the same or equivalent local incentives as provided by the jurisdiction of the existing enterprise zone.~~

~~(2) (A) Land included within the proposed expansion is zoned for industrial or commercial use.~~

~~(B) An expansion area may contain noncommercial or nonindustrial land only if that land is a right-of-way.~~

~~(3) Basic infrastructure, including, but not limited to, gas, water, electrical service, and sewer systems, is available to the area that would be included in the expansion.~~

~~(4) The expansion area is contiguous to the existing enterprise zone.~~

~~(d) (1) Except as otherwise provided in paragraph (2), in no event shall an enterprise zone be permitted to expand more than 15 percent in size from its size on the date of original designation, including any expansion authorized pursuant to Chapter 12.8 (commencing with Section 7070), or Chapter 12.9 (commencing with Section 7080), as those chapters read prior to January 1, 1997.~~

~~(2) If an enterprise zone, on the date of original designation, is no greater than 13 square miles, it may be permitted to expand up to 20 percent in size from its size on the date of original designation.~~

~~(e) A city, county, or city and county may propose expansion into a noncontiguous area if the department finds both of the following:~~

~~(1) The noncontiguous area is needed to implement the enterprise zone's economic development strategy.~~

~~(2) The excluded areas between the proposed new boundaries would not, based on the enterprise zone's economic development strategy, also benefit from enterprise zone expansion.~~

~~SEC. 4. Section 7076 of the Government Code is amended to read:~~

~~7076. (a) The department shall serve as a liaison between the state and zone residents, businesses, workers, nonprofit organizations, and local governments. State agencies and departments shall affirmatively support their statutory responsibilities under this part, and respond to requests made by~~

~~and on behalf of enterprise zones in a manner consistent with their statutory duties.~~

~~(b) (1) The department shall provide technical assistance to the enterprise zones designated pursuant to this chapter with respect to all of the following activities:~~

~~(A) Furnish limited onsite assistance to the enterprise zones when appropriate.~~

~~(B) Ensure that the locality has developed a method to make residents, businesses, and neighborhood organizations aware of the opportunities to participate in the program.~~

~~(C) Help the locality develop a marketing program for the enterprise zone.~~

~~(D) Coordinate activities of other state agencies regarding the enterprise zones.~~

~~(E) Monitor the progress of the program.~~

~~(F) Help businesses to participate in the program.~~

~~(2) Notwithstanding existing law, the provision of services in subparagraphs (A) to (F), inclusive, shall be a high priority of the department.~~

~~(3) The department may, at its discretion, undertake other activities in providing management and technical assistance for successful implementation of this chapter.~~

~~(c) The applicant shall be required to begin implementation of the enterprise zone plan contained in the final application within six months after notification of final designation or the enterprise zone shall lose its designation.~~

~~(d) The department shall assess a fee of fifteen dollars ($15) on each enterprise zone and manufacturing enhancement area for each application for issuance of a certificate pursuant to subdivision (j) of Section 17053.47 of, subdivision (c) of Section 17053.74 of, subdivision (c) of Section 23622.7 of, or subdivision (i) of Section 23622.8 of, the Revenue and Taxation Code. The department shall collect the fee for deposit into the Enterprise Zone Fund, pursuant to Section 7072.3, for the costs of administering this chapter. The enterprise zone or manufacturing enhancement area administrator shall collect this fee at the time an application is submitted for issuance of a certificate.~~

~~SEC. 5. Section 7076.1 of the Government Code is amended to read:~~

~~7076.1. (a) The department may audit the program of any jurisdiction in any designated G-TEDA at any time during the duration of the designation, as appropriate. However, the department shall audit each G-TEDA at least once every five years from the date of designation or the operative date of this section, whichever is the latest. The matters to be examined in the course of an audit shall include an examination of the progress made by the G-TEDA toward meeting the goals, objectives, and commitments set forth in its original application and the department's memorandum of understanding with the G-TEDA.~~

~~(b) The department shall, for each audit, determine a result of superior, pass, or fail in accordance with subdivision (c). The results of each audit shall be based upon the success of the G-TEDA in making substantial and sustained efforts since the later of its designation or last audit to meet the standards, criteria, and conditions contained in the application and the memorandum of understanding (MOU) between the department and the G-TEDA, as may be amended pursuant to the agreement of the G-TEDA and the department. In each audit, the department shall focus upon the G-TEDA's use of the marketing plan, local incentives, financing programs, job development, and program management as described in the application and the MOU. The department shall also evaluate the vouchering plan, staffing levels, budget, and elements unique to each application.~~

~~(c) For purposes of subdivision (b), an audit determination of superior, pass, or fail shall be made in accordance with the following:~~

~~(1) A G-TEDA will be determined to be superior if each jurisdiction comprising the G-TEDA does all of the following:~~

~~(A) Meets 100 percent of its goals, objectives, and commitments as defined in its application, most recent audit, biennial report, and memorandum of understanding with the department, and as determined by the department in consultation with the G-TEDA. An equivalent or similar commitment may be substituted for an existing commitment of a G-TEDA if it is determined by the department that an original commitment was not realistically practical or is no longer relevant.~~

~~(B) Demonstrates that it has reviewed and updated its goals, objectives, and commitments as defined in its original application,~~

~~most recent audit, biennial report, and memorandum of understanding with the department.~~

~~(C) Identifies to the department's satisfaction that it has incorporated economic development commitments in addition to those commitments previously made in its application.~~

~~(2) (A) A G-TEDA will be determined to be passing if each jurisdiction comprising the area meets 75 to 90 percent of its goals, objectives, or commitments as defined in its original application, most recent audit, biennial report, and memorandum of understanding with the department, and as determined by the department in consultation with the G-TEDA. An equivalent or similar commitment may be substituted for an existing commitment of a G-TEDA if it is determined by the department that an original commitment was not realistically practical or is no longer relevant.~~

~~(B) Any G-TEDA that is determined to be passing may appeal in writing to the department for a determination of superior. Only one appeal may be filed pursuant to this subparagraph with respect to a determination by the department, and may be filed no later than 30 days after the G-TEDA's receipt of the determination to which the appeal pertains. The department shall respond in writing to any appeal that is properly filed pursuant to this subparagraph within 60 days of the date of that filing.~~

~~(3) (A) A G-TEDA will be determined to be failing if any jurisdiction comprising the G-TEDA fails to meet or exceed 75 percent of its goals, objectives, or commitments as defined in its original application, most recent audit, biennial report, and memorandum of understanding with the department, and as determined by the department in consultation with the G-TEDA. An equivalent or similar commitment may be substituted for an existing commitment of a G-TEDA if it is determined by the department that an original commitment was not realistically practical or is no longer relevant.~~

~~(B) Any G-TEDA that is determined to be failing shall enter into a written agreement with the department that specifies those items that the G-TEDA is required to remedy or improve. Failure of the G-TEDA and the department to negotiate and enter into a written agreement as so described within 60 days of the last day upon which the department is required to deliver a response letter pursuant to subparagraph (C) of paragraph (4) shall result in the~~

~~dedesignation of the G-TEDA on January 1 immediately following the department's written notice of dedesignation to the G-TEDA.~~

~~(C) A written agreement entered into pursuant to this paragraph shall be for a six-month period. If, upon the expiration of the agreement, the department determines that the G-TEDA has not met or implemented at least 75 percent of the conditions set forth in the agreement, the department shall, after immediately providing written notification to each jurisdiction comprising the G-TEDA that the G-TEDA is to be dedesignated. Dedesignation of the G-TEDA is effective on the first day of the month next following the date upon which the agreement expired. If, upon expiration of the agreement, the department determines that the G-TEDA has met or implemented at least 75 percent of the conditions set forth in the agreement, the department shall do either of the following:~~

~~(i) Allow the G-TEDA an additional year, or a longer period in the department's discretion, to meet or implement those conditions in their entirety.~~

~~(ii) Pursuant to written notice provided immediately to each jurisdiction that comprises the G-TEDA that the G-TEDA is to be dedesignated, dedesignate the G-TEDA effective on January 1 immediately following the date of the department's written notification of dedesignation to those jurisdictions.~~

~~(D) Any business, located within any jurisdiction that comprises a G-TEDA that has been dedesignated, that has elected to avail itself of any state tax incentive specifically applicable to a G-TEDA for any taxable or income year beginning prior to the dedesignation of the G-TEDA may, to the extent the business is otherwise still eligible for those incentives, continue to avail itself of those incentives for a period equal to the remaining life of the G-TEDA. However, any business, located within any jurisdiction that comprises a G-TEDA that has been dedesignated, that has not availed itself of any state tax incentive in the manner described in the preceding sentence may not, after dedesignation of the G-TEDA, avail itself of any state incentive specifically applicable to a G-TEDA.~~

~~(4) (A) Notwithstanding paragraphs (1) to (3), inclusive, a G-TEDA shall be determined to be failing if any jurisdiction comprising the G-TEDA, in the determination of the director, provides funding support in at least three of the previous five years at a level that is less than 75 percent of the amount committed to~~

~~in the G-TEDA's memorandum of understanding with the department.~~

~~(B) In the event that a G-TEDA is determined to be failing pursuant to this paragraph, subparagraph (B) of paragraph (3) shall apply.~~

~~(C) Any G-TEDA that is determined to be failing pursuant to this paragraph may appeal in writing to the department. The appeal shall be filed within 30 days of the G-TEDA's receipt of the determination to which the appeal pertains. The department shall respond in writing to any appeal that is properly filed within 60 days of the date of filing.~~

~~(d) In undertaking its audit responsibilities pursuant to this section, the department shall seek appropriate opportunities to provide technical assistance and training to help G-TEDAs address inadequacies identified through the audit progress in the program. Assistance may include, but is not limited to, workshops, mentoring programs, and referrals to other federal, state, and local public and private entities.~~

~~(e) (1) For purposes of this section, "dedesignation" means that a G-TEDA is no longer a G-TEDA for purposes of either Section 7073 or 7085.~~

~~(2) Upon notification by the department of the dedesignation of a G-TEDA and the end of the appeal period with respect to that dedesignation, the department shall initiate an application process for a new designation as provided in Section 7073, 7073.8, 7085, 7097, or 7114.~~

~~(f) In addition to any other oversight activities that the department determines are appropriate and necessary, the department shall review the progress reports submitted by a G-TEDA pursuant to Section 7085.1 and determine whether an audit is warranted.~~

~~SEC. 6. Section 7081 of the Government Code is amended to read:~~

~~7081. (a) Notwithstanding any other provision of state law, and to the extent permitted by federal law, the Employment Development Department and the State Department of Education shall give high priority to the training of unemployed individuals who reside in a targeted employment area or a designated enterprise zone.~~

~~(b) When developing workforce development and training plans and strategies, including, but not limited to, federal Workforce Development Act funds, a state entity shall consider how the G-TEDA programs could be integrated so as to maximize the benefits to workers and businesses.~~

~~(c) The Employment Development Department shall, consistent with its duties to assist unemployed workers who are registered in the one-stop career centers, provide letters to unemployed prospective employees that could be used to certify their eligibility as a person participating in a program developed pursuant to the federal Workforce Investment Act of 1998 (Public Law 105-220).~~

~~(d) The department may assist localities in designating local business, labor, and education consortia to broker activities between the employment community and educational and training institutions. Any available discretionary funds may be used to assist the creation of those consortia.~~

~~SEC. 7. Section 7082 of the Government Code is amended to read:~~

~~7082. Notwithstanding any other provision of law, the Public Safety Branch and the Victim Services Branch of the California Emergency Management Agency shall give high priority to designated enterprise zones in the allocation of program resources.~~

~~SEC. 8. Section 7085 of the Government Code is amended to read:~~

~~7085. (a) Notwithstanding Section 7550.5, the department shall submit a report to the Legislature every five years beginning January 1, 1998, that evaluates the effect of the program on employment, investment, and incomes, and on state and local tax revenues in designated enterprise zones. The report shall include a department review of the progress and effectiveness of each enterprise zone, including, but not limited to, any efforts made regarding training of unemployed individuals pursuant to Section 7081. The Employment Development Department shall, for the purposes of the report, provide the department with existing data on unemployed individuals receiving training. The Franchise Tax Board shall make available to the department and the Legislature aggregate information on the dollar value of enterprise zone tax credits that are claimed each year by businesses pursuant to Section 7085.5.~~

~~(b) An enterprise zone governing body shall provide information at the request of the department as necessary for the department to prepare the report required pursuant to subdivision (a).~~

~~SEC. 9. Section 7085.1 of the Government Code is amended to read:~~

~~7085.1. (a) The governing board of the G-TEDA shall report to the department by October 1, 2008, and by that date every other year thereafter, on the activities of the G-TEDA in the previous two fiscal years and its plans for the current and following fiscal year. The biennial report shall include all of the following:~~

~~(1) The progress the G-TEDA has made during the period covered by the report relative to its goals, objectives, and commitments set forth in its original application and the department's memorandum of understanding with the G-TEDA.~~

~~(2) Identification of the previous two years' funding, including in-kind funding. The previous two years' funding levels shall be compared to the funding levels identified in its original application and the department's memorandum of understanding with the G-TEDA, and the amount identified in the previous year's biennial report. An explanation of any meaningful discrepancies in these amounts shall be provided.~~

~~(3) Identification of the financial value of local incentives provided during the report period, and identification of the financial value of federal and other state resources accessed to serve the residents, workers, and businesses in the G-TEDA.~~

~~(4) The following information based on the certification applications approved in the zones relating to the hiring credit:~~

~~(A) The number of jobs for which the hiring credits are certified.~~

~~(B) The number of new employees for which hiring credits were certified.~~

~~(C) The number of employees replacing previous employees for which hiring credits were certified.~~

~~(D) The range of employee wage rates that were certified.~~

~~(E) The number of businesses obtaining certified hiring tax credits.~~

~~(F) An aggregate summary of the North American Industry Classification System (NAICS) codes to the third digit of the businesses applying for hiring tax credit employee certification.~~

~~(G) An aggregate summary of the size of businesses based on annual gross revenues receiving certification of employee hiring credits.~~

~~(b) A copy of the biennial report developed pursuant to subdivision (a) shall also be submitted to the legislative bodies of the local jurisdictions comprising the G-TEDA. The progress of the G-TEDA in meeting the goals, objectives, and commitments set forth in the original application and the memorandum of understanding with the department shall be reviewed at least biennially by these legislative bodies.~~

~~(c) (1) G-TEDAs designated prior to January 1, 2007, shall have until April 15, 2008, to update their benchmarks, goals, objectives, and funding levels for administering the G-TEDA program, in order to make them measurable and conducive to the successful completion of the economic development strategy. The local legislative body and the department shall approve the updated goals and objectives. The updated goals and objectives shall be included as an update to the existing memorandum of understanding between the G-TEDA and the department.~~

~~(2) G-TEDAs that fail to obtain approved updated goals and objectives by April 15, 2008, shall be dedesignated effective July 1, 2008. The Director of Housing and Community Development shall provide notice of prospective dedesignation to the local government no later than May 1, 2008. The director may authorize up to two 60-calendar-day extensions, if the local government and G-TEDA are acting in good faith and the additional time would allow them to meet the requirements of this subdivision. Businesses located within a G-TEDA that have been dedesignated shall continue to have access to tax incentives previously authorized within the G-TEDA pursuant to Section 7082.2.~~

~~(3) G-TEDAs designated prior to January 1, 2007, are not required to implement the biennial reporting requirements of subdivisions (a) and (b) until October 1, 2009.~~

~~(4) G-TEDAs that expire prior to January 1, 2010, are not required to meet the conditions of this subdivision.~~

~~(d) The department shall biennially make available to the Legislature information related to the progress that each G-TEDA is making toward implementing its goals, objectives, and commitments set forth in the original application, the department's~~

~~memorandum of understanding with the G-TEDA, and the biennial report.~~

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